

**SPECIAL MEETING
CRANSTON SCHOOL COMMITTEE
WESTERN HILLS MIDDLE SCHOOL
400 PHENIX AVENUE**

WEDNESDAY, MAY 25, 2005

WEDNESDAY, JUNE 1, 2005

BOTH SESSIONS BEGIN AT 4:30 P.M.

MINUTES

A public budget work session of the Cranston School Committee was held on Wednesday, June 1, 2005, at Western Hills Middle School with the following members present: Mrs. Greifer (arrived at 4:50 p.m.), Ms. Iannazzi, Mr. Lupino, Mr. Palumbo, Mr. Stycos, and Mr. Traficante.

Mr. Archetto was absent. Also present were Mr. Scherza, Mr. Balducci, and Mr. Votto. Mrs. Ciarlo was absent.

Mr. Palumbo called the work session to order at 4:40 p.m.

I. PUBLIC BUDGET WORK SESSION REGARDING 2005-2006 SCHOOL BUDGET

Mr. Palumbo noted that the public speaking portion of the meeting

would take place after the committee had deliberated. He also noted that the committee was receiving at this meeting answers to questions raised at the last budget session. Mr. Balducci added that he was still working on answering one of the questions raised by Mr. Stycos regarding fine tuning the health care concerning retirees. He hoped to put it in the committee's update on June 3rd.

Mr. Palumbo asked Mr. Balducci to give the committee a breakdown on the teachers who would be returning from leave. Mr. Balducci explained that originally when administration was preparing next year's budget, they had analyzed all the teachers who at the time were currently out on unpaid leave. They took the worst case scenario which is if all the teachers returned next year how much it would cost and those teachers who are currently in those positions how much the district wouldn't have to pay because those teachers would be returning. Originally they projected that it would cost \$225,000 in next year's budget. When the question came up from Mr. Stycos, administration re-analyzed it because now that it is so close to the end of the school year, Mr. Votto was able to secure commitments from the teachers who are returning next year. The district's obligation is now only \$176,000 in next year's budget. Those teachers they would replace because the more senior teachers are coming back would have been paid \$110,000. The total net obligation in next year's budget has been reduced from \$225,000 as originally budgeted down to \$66,021 affording the committee \$159,000 of additional monies.

Mr. Traficante asked how many teachers are returning, and Mr. Votto responded that 3.5 teachers are returning; and they are all elementary teachers. Mr. Lupino asked if those numbers could change between now and June 9th, and Mr. Votto said they could not change. He explained that when administration was preparing for layoffs, they sent a letter asking them as a courtesy if they had made their decision to let administration know. Administration then followed up based on Mr. Stycos's request and made phone calls to those who had not made a decision one way or the other. By contract the teachers have sixty days prior to their return date to decide, but fortunately most of them were able to make a determination. There were twelve on the list, and they have all made a commitment one way or the other. Some are resigning, some returning, and some extended their leave over the last few months. This is a solid number, and it is a savings.

Mr. Palumbo referred to a letter he received from Mayor Laffey dated May 26, 2005. In this letter, the Mayor was spelling out to the committee their obligations under the law as to what has to be done in terms of reducing their request to the budgeted amount. He added that the fly in the ointment is that the Mayor did not use the figure that the committee has from the Council. He quoted from the letter as follows: "The School Committee recently requested a budget of

\$121,272,706. At its meeting on May 6, 2005, the City Council appropriated the sum of \$115,374,759 to the Cranston School Department.” Mr. Palumbo added that the committee does not agree with that number. He went on to quote from the letter as follows: “Of this amount, \$77,684,120 is appropriated from the City, and \$37,690,639 comes from state aid. This leaves a shortfall between the School Committee’s budget and the appropriated amount of \$5,897,947. As you may also know, an additional \$671,000 was placed in the FY2005 stabilization account for one-time capital expenditures.” Mr. Palumbo noted that the Mayor did not raise the \$115 million figure. The Mayor is now telling the committee that they have to bring their budget down to agree with the \$115 million account. He added that he placed a phone call to Mr. Garabedian and he has received no return call. He will call Finance Chair Fogarty regarding this matter. Mr. Palumbo stated that he will request that the Council give the committee something in writing to confirm this. The committee has to get this straightened out because the committee is bringing the budget down \$3.1 million and not \$5.6 million which would be difficult to do.

Ms. Iannazzi clarified that the committee has known since day one that the extra \$1 million from the city surplus was not going to be appropriated until the end of this fiscal year. That would be some time the middle of July that they would be appropriating that extra \$1 million. She asked when the committee’s budget has to be set in stone, and Mr. Palumbo responded that the budget has to be in

agreement by June 30th. Mr. Palumbo added that the Mayor didn't allude to that.

Mr. Stycos suggested that while Mr. Palumbo is attempting to get in touch with Mr. Garabedian Mr. Balducci could call Mr. Baron. Mr. Palumbo commented that the City

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Council gave the money to the School Committee. Ms. Iannazzi suggested calling Mr. Woerner.

Mr. Balducci brought to the committee's attention the fact that at the last meeting the committee discussed the possibility of compacting some of the classrooms district wide. If that does happen, there will be a need for additional unemployment compensation. He will probably need \$115,000 in addition to what is currently being budgeted. In the past, there have been questions as to whether or not they have spent the total allotment. It now stands at \$100,000, and he looked at last year's figure; and the district spent \$55,000 or \$56,000. If they use anywhere between \$50,000 to \$75,000 for normal usage, adding another \$115,000 on top of that will be what he needs. He will need some of the money back from recalls.

Mr. Traficante asked clarification on the City Council's appropriation to the school department. He indicated that he was concerned about

the \$1.1 million that apparently was appropriated or at least confirmed by the Council that is out of the committee's budget which is the \$700,000 from the pension contribution to the state and also the additional \$400,000 that the Council has said the school department will get from the state. He asked if this was part of their budget process. In response, Ms. Iannazzi stated that the Council appropriated the \$115 million, but Mr. Garabedian visited the General Assembly one day, and he had conversations with leadership from the Senate. He was left with the impression that the committee would be appropriated an extra \$1.1 million, but that would not occur until the House and Senate passes their budget and probably with all likelihood after a veto by the Governor is over ridden. The committee may be looking at the end of July to receive that money also. Mr. Traficante stated that based on what the General Assembly is doing at the present time, they won't adjourn until July, and it could go on until August. He stated that he is concerned that if the committee doesn't receive this \$1.1 million by June 30th would the committee have to reduce its budget by \$1.1 million in lieu of receiving this money. Mr. Palumbo responded that the committee would have to reduce the budget. The committee has to be in agreement with what the Council has given them by June 30th. If the committee gets something in writing that it is something other than the \$115 million, then that is one thing. If not, then the committee has to make almost \$6 million in cuts.

Mr. Lupino asked Mr. Balducci how reasonable it would be to make

those adjustments in soft money or projections. Mr. Lupino clarified his question that if the committee had to make a reported temporary adjustment to adhere to the Charter by June 30th, they cannot figure on that money that they had anticipated coming from the State. He asked if the committee should assume level funding from last year or does the committee assume the Governor's proposed numbers originally. There will still be a short fall from what the Council is guessing at and what the committee has to come up with regarding aligning budget items. The committee would be hard pressed to lay off additional staff, cut programs, and then be in the middle of the summer when the district would have to

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call people back and there may not people interested in those programs. He asked if it would be more prudent to do it under projected expenditures. In response, Mr. Balducci said the committee could pick areas where there won't be an immediate impact come July 1. He used the example of the health account because it will be used throughout the year, and everyone would have to know up front that this is how the committee is adjusting the budget. When everything aligns itself in the early part of July, during the first revision he would make adjustments to the budget to have it agree with the final city appropriation, the final state aid, and the final carryover of surplus money. The committee wouldn't have to worry about laying off additional staff and cutting additional supplies, and

this is one approach the committee can take.

Mr. Stycos commented that a similar situation happened last year. The legislature passed the budget in June; this committee reconciled its budget in June, the Governor vetoed it, and they overrode it in July. Last year the committee assumed that whatever the legislature decided in June was going to be the money that they had coming. The committee didn't do any alteration after that. Mr. Balducci added that he has aligned the budget to agree with the Governor's appropriation to the district; it does not recognize the additional \$400,000. Mr. Stycos added that the committee may not know by June 15th, but they will know by the end of June. Mr. Traficante remarked that the way the General Assembly is acting at the present time there is a very strong possibility they will go into July. Mr. Lupino commented that in his eight years on the committee the earliest they have gotten it is June 20th and very often it is July. It was very late in July one year and may have gone into August. Mr. Palumbo said that by doing it this way the committee will have brought its budget into agreement with the \$115 million. He wants to make sure that the committee doesn't get into any legal hassles where again the committee would be charged with not bringing its budget into line. He doesn't know if there would be any legal things that could hurt the committee. He asked Mr. Balducci to make sure that if the committee is going to do it this way that it is legally correct.

Mr. Stycos suggested getting the budget down to \$118 million on June 15th, and then the committee would have two weeks to cut more

money and do what Mr. Balducci suggested. The committee won't know what the legislature is doing before June 15th.

Mr. Palumbo agreed that if the committee goes to that point, at least it will be done to that point and hope that it is the realistic point.

Ms. Iannazzi disagreed and stated that this was unrealistic. There is no way that the budget will pass the State House before the end of July. The City can't appropriate money from a surplus until they know what the surplus is which would occur June 30th at the end of the fiscal year. The committee is putting off the inevitable; the committee will have to cut the budget down to \$115 million. Mr. Palumbo responded that if what Mr. Balducci suggested can be done, and he is hoping that everything will come into play, it will end up at \$118 million that the committee is working with. If the committee brings it down to \$118 million, then they can make the move to make up the difference and bring it into agreement with that figure. In July, when the committee finds out what

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the State is actually appropriating and what is taking place with the retirement fund, then the committee can make the adjustments. He agreed that it won't happen then but asked how the committee should handle it. Mr. Traficante stated that the committee should prepare Mr. Balducci to look for \$2.1 million then.

Mr. Traficante stated that he was concerned because the Council definitely voted to appropriate \$1 million out of the surplus. Ms. Iannazzi interrupted and said that they read it into the record that they had planned to appropriate \$1 million pending their being \$1 million in a surplus account. If tomorrow morning the Mayor wakes up and decides that he is going to spend the entire surplus just so that the school department doesn't get it, then the committee doesn't have it. Mr. Palumbo asked how the Mayor could spend the surplus without the City Council giving the okay. Ms. Iannazzi responded that the point of the matter is that the committee cannot rely on it until they have it. Mr. Traficante added that based on the Mayor's budget presentation, he believed that the Mayor was going to place in a restricted account for negotiated purposes approximately \$3 million of the anticipated surplus in the current fiscal year. Let's assume that the surplus is not \$4 million, and that is the problem. Ms. Iannazzi stated that she believed the Council had already started to dig into the surplus. At the last meeting, Councilman Fung introduced a resolution to buy defibrillators for the school department. That was not a budgeted expense prior so they are already spending money from any anticipated surplus. Mr. Palumbo asked if he was mistaken when he says that whatever the surplus is that the Mayor wants to spend it has to go through the Council, Ms. Iannazzi responded that it has to go through the Council. Mr. Palumbo commented that the Mayor cannot spend it on anything that he wants; the Council has to give its okay. He is assuming that they will have to negotiate. Mr. Traficante remarked that if the Council has already approved \$3

million of anticipated surplus for this restricted account, and Ms. Iannazzi interjected that she believed they took out \$1 million for the police station out of the anticipated surplus. The anticipated surplus will be smaller than what they have already spent. She didn't think that the Council was being malicious intending to put the committee in this circumstance, but, unfortunately, they did.

Mr. Stycos asked when the Council would know what the surplus is, and Mr. Traficante responded that the Council receives a draft of the audit report sometime during the end of May or beginning of June. The Council has some idea during the month of June, and he is hoping that it will be the number they think it will be. He further commented that this is a major concern for him because they have already appropriated and approved the Mayor's \$3 million restricted account, and anything above that they can appropriate back to the School Committee the \$1 million they anticipated, but they are also putting in that anticipated surplus \$1 million but they could have taken it from the current surplus also.

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Mr. Stycos stated that there is \$1.1 million that is in question up to the legislature, and there is \$1 million in question up to the City Council. He suggested that a letter be sent from the committee to the City

Council stating that the School Committee is trying to do their budget and they have this question regarding the \$1 million. The committee should ask them if they should budget this \$1 million and to let the committee know as soon as they can.

Mr. Lupino commented that this has been the budget woe from the beginning of the budget process for any year. The committee is forced to come up with a budget in November that they don't have figures for until July. He asked if there was a consensus among the committee members to write a letter. Mr. Traficante stated that he agreed with Mr. Stycos wholeheartedly. The Council could have appropriated \$1 million from the current accumulative surplus and not the anticipated. Ms. Iannazzi stated that she recalled the Mayor saying that he would veto any budget that used prior years' surplus.

Mrs. Greifer commented that the Mayor's letter is a fair warning that if the committee does not get down to \$115 million, they will get pounced on. He will say that getting down to the \$118 million is not good enough because the \$1 million won't be available. Ms. Iannazzi interjected that the Mayor is right; that is what the committee has appropriated, and that is what the committee has to plan on until any adjustments are made.

Mr. Lupino stated to Mr. Palumbo who left the room for a short period that there was a request to write a letter to the City Council setting out the committee's dilemma and asking for an opinion as to what

number they should use to align their budget so that they are in agreement with the Charter. There has been a consensus so far that the letter be sent. Mr. Palumbo responded that he could see it being done, and there should be no problem. Mr. Lupino suggested that in the letter it should be noted that the committee is meeting again on June 15th, and they would need a fair warning of what number they would be using. Mr. Palumbo stated that although this is not good news the committee should work to get down to \$118 million and then go from there. The committee knows that it has to get down to at least \$118 million.

Mrs. Greifer commented to Mr. Palumbo that while he was out of the room she mentioned to the committee that she took the Mayor's letter as a warning that they should get down to the \$115 million or he will pounce on them. The committee needs to have a firm plan to get down to the \$118 million and a contingency plan to get down to the \$115 million. Mr. Palumbo agreed but felt the committee should get to the first step which is \$118 million. The committee will then have to look at either Mr. Balducci's suggestion or some other plan. What the committee has been doing to get down to this point is compacting classes which lowers staff, and he was hoping that even with the \$118 million if they do have to compact the classes and raise the numbers, the committee should be looking at putting literacy aides in those classrooms because if

they don't he feels certain that within the next two years the reading scores will be going down. There is no way, especially in the Title 1 schools, that the teachers can handle these numbers and continue to get the results they have been getting. If the committee doesn't care about those results or they don't believe it, then that is something else. If the committee comes up with any money at all, they should be looking at the literacy aides to get them back in the classrooms to help the teachers.

Mr. Stycos stated that the committee needed to see what the projected classes were going to be in order to have the discussion Mr. Palumbo proposed. Mr. Scherza stated that administration has been working on compacting for a few weeks, and whereas in the past there would be elementary classes in the teens, some of them mid to upper teens, there are very few almost none of those. The Kindergarten classes at a number of schools will be twenty-four or twenty-five, so that rather than having a morning session of thirteen in the morning and eleven in the afternoon, they have compacted them into one class section. Almost all elementary classes are in the twenties and up to twenty-seven in grades four and five and up to twenty-five in grades Kindergarten through three. This means they will have to cluster many students out of their neighborhoods into other schools where there is space. There will be a lot of moving around and a lot of dissatisfaction with this. With regard to the numbers, he has spent time with Human Resources and union

leadership to go through this. Last evening he showed Mr. Palumbo who received an awakening of the magnitude of the compacting that has gone on. The same thing will happen at the secondary levels where most of the classes will be in the high twenties across the board at the high schools. Mr. Palumbo asked the committee to understand that there is a certain percentage with which they can reduce the staff by. The numbers they will get are the numbers the district is trying to do. If the other numbers in the contract don't work out, administration will have to adjust it.

Mr. Stycos asked if the committee was talking about the compacting that was budgeted which is the nine elementary positions or if the committee was talking about going beyond that number. In response, Mr. Scherza said that they were going way beyond that. That is part of what is included and going beyond that through attrition. Mr. Stycos stated that the beyond that part is what Mr. Balducci is talking about for the unemployment. He went on to say that to budget then if that is a proposal from administration the committee just doesn't need to know that there will be \$115,000 extra in unemployment costs but also they need to know what the savings will be from the proposal to cut this number of teachers. The committee would then have a net figure that would affect the budget. Mr. Votto stated that ten spots were originally budgeted, and they are up to eighteen after the discussion regarding Kindergarten. There are eight additional at this point. Mr. Palumbo reminded Mr. Stycos that it is based on what the committee can do in the contract. Mr. Scherza commented that if the

committee has to go down to the \$115 million, they will have to look at additional personnel of combining clerical positions, secretarial positions, and there is some contingency for

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that. The number of teaching assistants will be decimated. They will not be able to do what Mr. Palumbo asked if they have to go another \$3 million. That would go down to minimum staffing of custodians and everything else across the board. Mr. Stycos commented that if the committee ends up at the \$118 million, from what he has seen he would question the need to do drastic additional compacting. The committee needs some numbers since they don't know what the bottom line is and what the class sizes are. Mr. Votto stated to Mr. Stycos that administration has a time line in terms of not only the budget process but also the teacher selection jamboree next week. This needs to be put in motion because they have to notify teachers, according to the contract, of any involuntary transfers so that when they compact a room and their room no longer exists, administration has to notify them. It has to be done before the end of school which ends on June 17th, and the Jamboree has to take place the end of June. It is prudent budgeting to prepare themselves, and maybe they won't have to compact as Mr. Stycos suggested since ten are already in the budget; but they have to be prepared in case they don't get to that point because they can't go back and go the other way once the process and the time lines have contractually gone by and turn

around and try to take seven or eight more teachers because they haven't been notified.

Mr. Stycos asked Mr. Votto if the committee should prepare for the worse case scenario and then, if it is better than that, add teachers. Mr. Votto responded that as an example if eighteen classrooms are compacted and ten were in the original budget which leaves a balance of eight, the committee would go through the process. If the committee received the funding to not compact, then they could turn around and from the layoffs the committee could recall teachers and open up classrooms if that is what the committee desires. The committee cannot go the other way. Once they have made the decision, they are stuck because contractually the committee is obligated to fulfill those obligations. There are several positions that could go to the jamboree such as the guidance counselors which they could hold off the first jamboree. The committee not committing themselves to filling eight or nine guidance counselor positions at approximately \$90,000 each with benefits, etc., that again puts them in a situation where they can make decisions later on. If the committee commits now and they go to the jamboree, the committee won't have that versatility to make those decisions. The central administration's whole view point has been really forced most of the time because of state law and contracts. They have to notify people of layoffs in February which doesn't make a lot of sense, but it is a state law. Contractually they are at the end of the school year, and they have to have the selection and make those difficult decisions

when they really don't know. He asked the committee to keep this in mind when developing the budget.

Mr. Lupino stated that he has heard that the original ten teachers were 10 FTE's and asked if this was correct, and Mr. Votto responded that they were 10 FTE's. Mr. Lupino then stated that an additional eight were added, still FTE's, and Mr. Votto said that the .5's were added together to make an FTE. Mr. Lupino pointed out to Mr. Balducci that

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when he factored in the unemployment costs he was sure that he was aware that a half-time position is going to collect just as much as someone who has a full-time position. He asked Mr. Balducci if he figured all the positions or did he figure in only the 18 FTE's. There is a maximum collection rate for unemployment, and a teacher in Cranston who works half time will collect the maximum rate; a full time teacher will collect the maximum rate. He asked what calculation he used in developing that figure. Mr. Balducci stated that he used the calculation of eighteen. Mr. Lupino stated that if they are compacting a half-time position in one school and a half-time position in another school, that is 1 FTE but 2 positions. Mr. Votto added that some of them have already been in a layoff provision, some through attrition. They originally laid off, which was approved by the School Committee, nineteen elementary teachers. Out of that, there are four

that are .5. They are doing this compacting in movement based upon attrition that they have as well. It will be a situation that as people retire or resign, they can fine tune this almost up to the time of the jamboree. That is why there will be a special meeting Monday evening so as to identify some of these resignations and retirements so that they can approve them and have additional numbers for jamboree.

Mr. Lupino asked Mr. Scherza that because the \$1.1 million is in limbo and now the state aid is in question along with the surplus, and someone else made the statement that schools would not be closed, was it okay to assume that closing a school was not out of the question at this point in time. In response, Mr. Scherza said that administration was not recommending it, and he would recommend against it; but if it is the recommendation of the School Committee to get down to the \$115 million, it would be the committee's decision to make as a group. Mr. Votto asked the committee to remember that from a time line perspective there are still teachers in that building, and if they have not been notified in the proper time frame contractually, the district still owns them. As a body, the committee has gotten to a point now where it is going to be difficult to close a school this year and gain any savings unless it is done by Friday or Monday or next week. Those teachers, even though a school is closed, are still on the payroll. It was his recommendation to the Superintendent and the Assistant Superintendent that the School Committee introduce a resolution at the June meeting to create a

study group to look at school closings and to identify them by December or January to have it in the budget process for next year. In that way, the committee can plan through layoffs and through the provisions provided by state law that the committee has to make the decision of how many teachers. It would be much easier knowing ahead of time rather than scouring around now.

Mr. Palumbo mentioned that Mr. Votto indicated to him that the committee should have a special meeting to accept resignations and retirements. This meeting will be held on Monday, June 6th, at 6:00 p.m. in the Briggs Building. Mr. Votto explained that it was necessary to accept the certified retirements and resignations.

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Mr. Traficante explained that the school department is anticipating \$1.1 million in state funds, \$1 million in anticipated accumulated surplus, and not to forget that they are anticipating \$1 million in savings through negotiations. This amounts to \$3.1 million in addition.

Mr. Stycos stated that he was working Monday evening and asked if there were four committee members who could attend. Mr. Palumbo stated that four members would be attending.

Mr. Palumbo stated that he felt the committee should still work toward the \$118 million budget. He asked the committee to remember that they will have that figure for June 15th for the special meeting. There are two weeks more to bring it into agreement if they know at that time that they have to.

Mrs. Greifer stated that she felt the committee should be prepared to pass a \$118 million budget on June 15th, but they should have all the numbers ready to go down to \$115 million if they have to by the end of the month. Mr. Palumbo stated that the committee will get the budget down to the \$118 million and then look at the other figures. The only way the additional cuts could be made is through personnel. Everything else has been cut to the bone.

Mr. Lupino stated that due to Mr. Scherza's advance notice that there will be some dissatisfaction, he would like to see for the June 15th meeting a written policy that the committee would adopt to deal with permits to other schools. At this point in time, the committee needs something that states the policy. With the eighteen different classrooms, he doesn't feel the policy used in the past can be continued which was to switch people here and there based on their whims. There needs to be a steadfast policy that the committee can vote on and adhere to at that meeting. If not, committee members will be spending their summer on the telephone. Mr. Scherza responded that it has been practice of the Cranston Public Schools that they

have not had school choice forever. It has been a system of neighborhood schools to serve those respective neighborhoods, and permission is required to go outside of that. One of the problems the district will encounter if it is too liberal with permits, and he knows this is not what people want to hear. There are situations where in a class in a given school there are twenty-nine students, but come to find out five of them are permitted students. Normally twenty-nine students would justify opening a second class section calling for another teacher and another room. If the student is not permitted, the second teacher wouldn't be needed. It may mean that in certain schools they will be at cap, and if they have students going beyond cap, they will have to be clustered to another school where there is another vacancy before opening up a second or third section at any given school. They are looking at existing permitted students. In the past, some of the permits have gone for the life of the student's experience with provisions that if it was necessary to rescind them because of a need for space, attendance, etc., it would be done. The

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district has been very liberal for a while, but this will allow administration to do some compacting. It will mean raising numbers, but by doing that, it will also be able to save some teaching positions as well.

Mr. Lupino commented that this is the time in the budget process

when the reality hits a lot of people, and that is when they come to the meetings with their fists clenched. This is the reality of the cuts that people don't see up until this point.

Mr. Stycos commented that last week Mrs. Ciarlo said that when she was going through the new personnel list she noted that of the eight special education aides that were in the original budget she was recommending five of the eight. He asked why the committee was budgeting for more special education aides. He asked for the numbers that back this up. Mr. Scherza responded that it is mainly trend analysis, and they know that the district will be needing more of them. In addition, there are cases in the system now that will require resources, and it was based largely on that information. They tried to squeeze tighter, but they could not get it below the five. Mr. Votto added that an additional one has been added on because there is another child coming into the district. It has been posted, and administration has to take on an additional teacher assistant for special education which is additional for this current year and will roll over into next year. Mr. Stycos asked what the trend is over time, and Mr. Balducci said that he would provide this information to him. When administration was preparing a cut list for the year they are in now, he believed there were eight special education teacher assistants they budgeted for, and then they decided not to have any new personnel so all the new personnel was cut. There was not only the need for eight, but they hired ten, and now eleven. This gives a picture of the present year. Originally they had put eight into next

year's budget, and that is what they started off with in preparing this year's budget. He can go back two years and give a trend to see where they have been for the last couple of years. This will probably be eaten up halfway through the school year next year. They can support the eight aides, but they are working on making cuts. It will be the roll of the dice on some of these when they have to cut millions of dollars. They are hoping to have no more than five additional next year, but he can't guarantee it. Mr. Stycos asked if the additional aides are required by law or is it an educational preference because the district feels they would like to have an aide with that child. In response, Mr. Scherza said that the special education teacher assistants are not whimsical; they are required under the IEP and under statute and law. It is something where the district has no choice. There will be a problem if the district goes even deeper because there will be a known deficit, and then the committee will have to come back making adjustments to bring these back. That is a population that vacillates from week to week with people moving in and out. He knows that the population is being more than offset by the number of those moving in and new cases being referred within this system as opposed to those who are exiting. Mr. Stycos commented that in the performance audit it was mentioned that the number of children in a special education class were added up and divided by whatever the number was. The report

stated that there were under-sized classes and, therefore, if seven special education children were placed in every class they would be able to eliminate so many teachers and achieve a certain savings which would essentially be special education compacting. He asked if this was something administration was looking at to achieve. This particular portion of the audit was never discussed. Mr. Palumbo stated to Mr. Stycos that he was aware that this was the one area that the Auditor General said was off base and completely erroneous. That was probably the thing he went after the largest. What they discussed with regard to special education was completely wrong. Of all the things he talked about, and some he noted that the committee would have to be careful and examine more, he stated that this area was wrong. Mrs. Greifer said that there was a meeting with city administration at which time they admitted they used some bad numbers. Mr. Palumbo added that he did not think the committee could utilize any of that logic in this particular area. Mr. Stycos stated that he was not advocating it but was asking about savings in this area. It may make sense, despite state law, to have only five children in a certain class. Mr. Scherza responded that the district cannot only fail to make savings there but also there are principals coming to him requesting positions because of case overload and with the number of cases coming that they will have to add one or two teacher positions in the special education area especially at the secondary level. The five aides would be required only if they are required by law. This is not something administration would choose to do unless it was absolutely necessary under the law. In addition, these are the

types of cases the district can address and accommodate within the district. It means spending a little bit of money sometimes in order to save a lot of money by comparison to an out of district placement.

Mr. Traficante asked Mr. Scherza to clarify that these additional aides are for self-contained classrooms. In response, Mr. Scherza said that he was unsure if they would be utilized for self-contained or not, but normally that would be the bulk of them. Mr. Traficante commented that if that is the case, the ratio is one to eight, and if they go over eight then it is required to have the aide in the classroom. Mr. Scherza added that the district doesn't get to pick its clientele or population.

Mr. Stycos stated that there is a relatively new position, and it is a science/math resource center associate, thirty hours per week. He was told that there was a fifteen hour per week position performing this job, and the committee upgraded it to thirty hours. The name was changed to science/math resource center associate. He asked what happened with this position and why the committee did what it did. Mr. Scherza responded that in the past the position was largely math oriented. With the new state assessments required under the No Child Left Behind Act, the district will be moving into the area where they will have to now assess students in science as well. Obviously, the one person who coordinated the building of all the kits from the manipulatives that go into all the classrooms at the elementary level and the same with the math person for district wide

service. Mr. Votto explained that this person supported the math/science coordinator who has since retired. It was determined by

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administration that the scope of this job is much larger. She is budgeted for fifteen and was giving nineteen hours. It was determined that with the amount of activity at the elementary level in terms of the science kits and other things such as going to the schools and providing professional development to the teachers on these particular experiments with the students it was much larger in scope so the hours were increased. Mr. Stycos asked if it is a teaching position, and Mr. Votto responded that this person is a part of the CAMS non-certified group. It is similar to a library, and this person prepares the kit and brings it to the classroom to set them up. Mr. Stycos asked what the connection is with the No Child Left Behind Act, and Mr. Scherza commented that the district didn't have the extent of the assessment. As the assessment gets bigger, the need in those areas get bigger. With the math portion of it, the district has gone to Investigations which is more manipulative based than textbook based. With approximately one-half of the school population in the elementary level, there are kits for every classroom and every student in it. Those have to be replenished because there are many expendables in it. It contains, Q-tips, markers, dice, etc. Mr. Votto added that with more hours this person is able to provide

more service to the district. Mr. Stycos asked if when they were putting the budget together if they considered putting this position back to a three-hour position. Mr. Scherza stated that he didn't believe there was ever a discussion. Mr. Votto added that there has been discussion regarding the retirement of the person who is the math supervisor, and at this point, there hasn't been a determination as to whether or not that person will be replaced. It was Sandra Moyer's position as the science/math coordinator, and the association will be on her own more.

Mr. Stycos distributed to the committee a chart with over the last five years what was projected in Medicaid revenue and the other revenue categories which is primarily vocational education tuition, summer school, the athletic program, and some miscellaneous receipts. It is what was projected from the Medicaid program and what was projected from this other revenue category which has sub categories and what was actually collected. He went back through previous budgets to put this together. He found that the district consistently brings in more actual revenue than it does in projected revenue and that these numbers are pretty consistently going up. For 04/05 thus far the revenue is less than 03/04. Last year there were Blue Cross rebates of \$212,000 which was a one-time deal; it was not regular revenue and through the numbers off. He suggested on a budgetary projection because there is a tight budget that instead of these numbers proposed by administration that are listed under the 05-06 category that the committee project that the district is going to

receive in revenue from those funds the same amount that it received this year. One of the purposes of the five-year situation is that if the committee had done this over the last five years they still would have gotten more money than projected with the one exception of this one-time revenue which should be excluded from the formula. He suggested that administration increase the revenue estimates to what he believes to be a conservative number to be the same as last year. There would still be an additional \$173,000 to budget. Mr.

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Balducci responded that he would need time to study these figures before giving a full response. With regard to the areas of Medicaid revenue, Mr. Balducci attended a meeting this morning with the Business Managers of Rhode Island. The administrative side of the Medicare revenue which commonly has budgeted \$590,000 next year, and this year there is \$600,000. He knows he is not going to receive the \$600,000 this year; he may be approximately \$250,000 short this year. This is an area he will have to look at next year and probably not budget \$590,000. There is talk about making some changes with the federal organization, CMS, and possibly trying to recoup some of this money. There was some discussion that they may be able to move forward and hopefully get reimbursed for something going forward, but they can't back track and get some money they will lose this year and possibly next year depending on when the decision is made at the federal level to seek reimbursement. He is always

looking to increase revenue. He is waiting for the third quarter reimbursement to come in which won't arrive until the middle of June.

This will allow sufficient information to project forward what the potential loss will be into next year. All the districts are experiencing the same type of loss in this revenue source. He will make a full analysis of this report and report back to the committee. What Mr. Stycos is referring to with regard to increasing some revenue sources by \$173,000, Mr. Balducci may be using that \$173,000 in reducing some revenue sources to make next year balance. Mr. Stycos asked if taking the current year Medicaid number that is noted on his information which comes out of the last budget revision which includes both administration and services that this number may have to be reduced in the current year, and Mr. Balducci said that he will have to reduce it. The clean-up revision will come to this committee in July, and that will give him a good indication as to what the potential shortfall will be for this year. At that time, he will make recommendations to the revenue sources. That will have already a negative impact against the \$590,000 that was projected into next year.

Mr. Stycos asked Mr. Balducci if he had any expectation that the district would finish the year even or with a small surplus, and Mr. Balducci responded that state law indicates that the district can't end the year in a deficit. He won't know if there is a surplus because the revenue sources are critical right now. He will be revisiting the other source of Medicare, the services side, and he will be looking to see

how the district is running year to date and what can be projected forward there. He is not sure if he can make up the entire loss on the other one by looking at the services side. It may be a wash, but he cannot guarantee it now.

Mr. Stycos commented that all of the Medicaid money comes as a result of special education students. The committee heard tonight about the need for more aides because there are more special education children. He asked if the district can translate that into a projected increase in Medicaid revenue by saying that the average special education child in a self-contained classroom or uncontained classroom is the source of so much Medicaid revenue. Mr. Balducci responded that he is not the expert

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in that area, but it all depends on the services provided to a student. Each student may be different with regard to the special education services being provided. The district is reimbursed differently depending on the service. He will speak to the person responsible for this area to get more information. Mr. Stycos commented that if extra aides are being put on then it seemed to him that if they can predict extra revenue then it should be budgeted for the extra revenue because it may be a net loss but the costs shouldn't just be counted.

Mr. Lupino stated that June 15th is the committee's regular work session, but it would be advertised as a special meeting so that the committee could vote to put its budget into alignment with the \$118 million. This meeting will be held at Hope Highlands School at a time to be announced.

II. PUBLIC SPEAKING ON AGENDA ITEM

Someone in the audience asked for a clarification of Wednesday, June 15th, and Mr. Palumbo stated that this meeting would be held in the Briggs Building in the Reed Conference Room. Mr. Votto added that Executive Session would be held at 6:00 p.m. with public session immediately following. It will consist of accepting retirements, resignations, and possibly a recall from layoff so that this person could go to the Jamboree.

Someone in the audience stated that the guidance counselors provide services that also provide Medicaid revenue for the city, and those students are not necessarily IEP students and not necessarily special education students. They are Medicaid eligible. Mr. Stycos asked this person if she knew what the budget was for these types of students, and she stated that she did not know; but she was filling out a lot of paperwork for them.

Someone in the audience stated that she understood that the committee cannot recall the elementary teaching positions and asked why the secondary positions were recalled. In response, Mr. Votto stated that he and Mr. Scherza met with the secondary principals and looked at their schedules and their needs. It was determined that there wasn't a lot of room in terms of compacting at that level. There are eighteen elementary schools across the city, and the students are scattered across the city. At Western Hills, there are 1,100 students. Park View has close to 900 students. Cranston West is growing by 100 for next year. It was very difficult looking at their schedules to find any room not to recall those teachers.

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Moved by Ms. Iannazzi, seconded by Mr. Lupino and unanimously carried that the budget work session be adjourned.

There being no further business to come before the work session, it was adjourned at 6:05 p.m.

Respectfully submitted,

Anthony J. Lupino

Clerk